

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

May 4, 2001

ORDER APPROVING  
STIPULATION

HAMPDEN TELEPHONE COMPANY  
HARTLAND & St. ALBANS TELEPHONE COMPANY  
ISLAND TELEPHONE COMPANY  
WEST PENOBSCOT TELEPHONE COMPANY  
SOMERSET TELEPHONE COMPANY/TDS  
WARREN TELEPHONE COMPANY  
Proposed Rate Change

Docket No. 2000-807  
Docket No. 2000-809  
Docket No. 2000-811  
Docket No. 2000-812  
Docket No. 2000-814  
Docket No. 2000-815

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

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**I. SUMMARY**

In this Order we approve a Stipulation between the Public Advocate (OPA) and the Companies named above (the companies in Maine that are subsidiaries of TDS Telecom). The stipulation settles pending rate cases for each of the Companies.

**II. BACKGROUND AND DECISION**

On August 31, 2000, Hampden, Hartland & St. Albans, Island, West Penobscot and Warren Telephone Companies filed proposed rate increases. On September 7, 2000, Somerset Telephone Company filed a proposed rate increase. The primary reason for the proposed increases was the need for the Companies to reduce their access charges in compliance with the requirements of 35-A M.R.S.A. § 7101-B.

On several occasions following the filings, the parties and the advisors met to discuss the issues in the cases. The Public Advocate also conducted written discovery during this period.

On February 20, 2001, the Public Advocate and the Companies filed a stipulation to resolve all issues in the six rate proceedings. Under the Stipulation, the basic service rates for residential customers for each company will increase by about half of the amount from their present levels to the rates charged by Verizon for similar calling areas. Basic service rates to business customers will be set at 150% of residential rates. The Companies are also reducing access charges but not all the way to the levels of their interstate access charges filed as part of the NECA Tariff No. 5.

We have established as a Commission goal that all independent telephone companies reduce their access charges to the NECA 5 level by May 30, 2001. We have also recognized that some companies would not be able to do so and continue to maintain rates that are both affordable and comparable to those charged by Verizon for similar calling areas. The Stipulation does not fully accomplish either objective, but we

recognize that because of fairly large differences between ITC and those of Verizon rates, it may be advisable to phase in Verizon-equivalent rates. We recently issued a Notice of Rulemaking to establish a high cost universal service fund for those ITCs that are not able to reduce access rates to NECA 5 and simultaneously maintain basic rates that are affordable and comparable to Verizon rates. We proposed that, if we determine that a company needs high cost universal fund support, it should establish Verizon-comparable rates within three years following that determination. When we establish the high-cost fund, we expect that the TDS companies will apply for such support so that they may reduce their access rates to NECA 5 levels.

In approving a stipulation, we consider whether the parties joining the stipulation represent a sufficiently broad spectrum of interests, whether the process leading to the stipulation was fair and whether the stipulated result is reasonable and not contrary to legislative mandate. See e.g., *Consumers Maine Water Company, Proposed General Rate Increase of Rockland and Hartland Divisions*, Docket No. 96-739 (July 3, 1997) at 2. The Public Advocate represents the using and consuming public, in this case the customers of the six companies. No other parties intervened, but the Stipulation required that notice of the proposed rates contained in the Stipulation be provided to customers and that the Commission hold public hearings. There was only limited participation at the public hearings, and we received only a few written comments.

We believe a fair process occurred, with all interested parties having an opportunity to participate. We also find that the proposed Stipulation adequately resolves the revenue requirement and rate design issues in these cases. We will therefore allow the Companies to implement the rates contained in the Stipulation.

Accordingly, we

## ORDER

1. That the Stipulation (attached to this Order) filed in Docket Nos. 2000-807, 2000-809, 2000-811, 2000-812, 2000-814 and 2000-815, filed on February 20, 2001 is approved and incorporated into this order.

2. That the companies named above shall file rate pages that comply with the terms of the Stipulation.

Dated at Augusta, Maine, this 4<sup>th</sup> day of May, 2001.

BY ORDER OF THE COMMISSION

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Dennis L. Keschl  
Administrative Director

COMMISSIONERS VOTING FOR:      Welch  
   Nugent  
   Diamond

## NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Civil Procedure, Rule 73, et seq.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.